

VERNON ENVIRONMENTAL, INC.

PCB consult Hand

3949 Klahanie Drive SE, #9202, Issaquah, Washington

P/C/F 206.686.2469

January 5, 2006

Mr. Herzel Hazan

~~Ariel Development~~

ETHAN CONSTRUCTION

3100 Airport Way South

Seattle, Washington 98134

Margaret
FYI

Re: Proposal for Consulting Technical Analysis, Regulatory Negotiation and Oversight Relative to: The Former Rainier Brewery PCB Source, Release, Investigation and Cleanup

VEI Proposal No.: 060103-Task 1

Dear Mr. Hazan:

Vernon Environmental, Inc. (VEI) is pleased to present this proposal for professional services associated with Technical Analysis, Regulatory Negotiation and Oversight Relative to, "The Former Rainier Brewery PCB Source, Release, Investigation and Cleanup" regarding the above referenced project task.

The purpose of the proposed work is to identify PCB release source(s) in an effort to reduce soil/sediment remedial action incineration costs in concert with regulatory authorities. Our proposal contains a Project Work Scope, Additional Services, Schedule of Services, Fee for Services and a Project Work Authorization.

Task 1:

1.0 Project Work Scope – Source Evaluation

1.1 Site Plan Evaluation

1.1.1 Conduct a Site Plan search, review and analysis.

- A thorough search regarding past potential PCB source areas from the Site Plan(s) and confirming the locations with an onsite reconnaissance of the potential locations. (NTE 2-hours) (Plans Provided by Client)
- Review of candidate Client available pertinent documentation including Stormwater pipeline as-built plans, maintenance/testing records, and correspondence in an effort to locate existing onsite PCB source locations. (NTE 2-hours) (Records Provided by Client) Particular attention will be paid to past and present transformer sumps/vaults, elevator areas, and maintenance areas where PCB containing oil may have been used.
- Identify all catch basin locations that were not sampled by the city. (NTE 2-hours)

1.1.1.1 A verbal report concerning the source evaluation will be provided to Ariel Development (the, "Client") within 1-day completion of our evaluation.

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- 1.1.1.2 Complete a summary letter report concerning the source evaluation detailing our findings, conclusions, and recommendations to the Client within 3-days from the completion of our evaluation. (NTE 4-hours)

1.2 City of Seattle Meeting(s) and Telephone Conversations

- 1.2.1 In the event the Site Plan evaluation identifies past and existing PCB source location(s) or if no PCB source location(s) are identified a meeting will be scheduled with the City of Seattle to confirm sampling and cleanup actions per their requirements: (NTE 4-hours)

- Provide source analysis letter report to the City of Seattle

- 1.2.1.1 Complete a letter report detailing our findings, conclusions and recommendations to the Client regarding the City's directives. (NTE 2-hours)

1.3 Ecology Meeting(s) and Telephone Conversations

- 1.3.1 In the event the Site Plan evaluation identifies past and existing PCB source location(s) or if no PCB source location(s) are identified a meeting will be scheduled with Ecology to confirm sampling and cleanup actions per their requirements: (NTE 4-hours)

- Provide source analysis letter report to Ecology

- 1.3.1.1 Complete a letter report detailing our findings, conclusions and recommendations to the Client regarding Ecology's directives. (NTE 2-hours)

2.0 SCHEDULE OF SERVICES

VEI understands the need for timely completion of the project. VEI will complete its project tasks within the above referenced timeframes upon Client's direction and execution of the Notice-to-Proceed.

3.0 FEE FOR SERVICES

VEI can complete this project task on a Time and Materials basis as per the attached billing rates (Attachment B). VEI estimates the cost for Task 1 of the project Not-to-Exceed (NTE) \$2,750.

- 1.0 Site Plan Evaluation - \$1,250
- 2.0 City of Seattle Meeting(s)/Reporting - \$750
- 3.0 Ecology Meeting(s)/Reporting - \$750

4.0 TERMS AND CONDITIONS

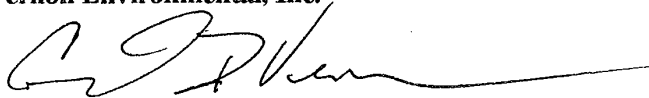
This agreement is subject to the attached terms and conditions (Attachment A).

5.0 PROJECT AUTHORIZATION

Attached you will find a copy of the Project Work Authorization. Please sign and return it to VEI, the receipt of which shall constitute our Notice-to-Proceed.

Sincerely,

Vernon Environmental, Inc.

A handwritten signature in black ink, appearing to read 'C. F. Vernon', with a long horizontal flourish extending to the right.

Conrad F. Vernon
President & CEO


PROJECT WORK AUTHORIZATION

Description of Services: Technical Analysis, Regulatory Negotiation and Oversight Relative to: The Former Rainier Brewery PCB Source, Release, Investigation and Cleanup
Project Location: Seattle, WA
Proposal No. and Date: 060103-Task 1; 1/5/06
Fee Not to Exceed: \$2,750.00

CHARGE INVOICES TO THE ACCOUNT OF:

CLIENT: Herzel Hazan
Ariel Development
Address: 3100 Airport Way South
Seattle, WA 98134
Phone/Fax: Phone 206.650.4991

FEE FOR SERVICES ACCEPTED BY:


Mr. Herzel Hazan for Ariel Development
EITAN ALON FOR ETHAN CONSTRUCTION

Date: 1.5.2006

PAYMENT TERMS:

Invoices for completed work will be issued by the calendar month for continuous or extended projects unless otherwise agreed. Payment is due upon receipt of invoice.

FOR APPROVAL OF CHARGES:

If the invoice is to be mailed for approval to someone other than the account charged, please indicate in the space below.

Firm:
Address:
Attn:

Phone:

This is a legal and binding contract between the Client and Vernon Environmental, Inc., as referenced in the attached proposal of this date and as described above.

ATTACHMENT A
TERMS AND CONDITIONS

TERMS AND CONDITIONS

1.0 SCOPE OF WORK

Vernon Environmental, Inc. (Company) shall perform various environmental technical services to the extent directed by Ariel Development (Client) in accordance with this Agreement and the Proposal dated herein.

Client assumes full and complete responsibility for all uses of the work, report and recommendations developed under the assignment.

Company's policy is to maintain a complete file on each assignment for a period of two years from its inception. Thereafter, the complete file will be maintained only on written instructions to do so and payment of a storage fee. When requested, we will take possession of, and store for a period of one year, evidence that is pertinent to our investigation and report. Client will be charged a storage fee for the storage of all evidence. By written request of the Client, it will be retained for additional periods. Company and Client agree that Company will not be held responsible for retention of file material or evidence after those periods.

2.0 PRICE

CLIENT shall pay COMPANY in accordance with the billing rates outlined in Attachment B of the proposal letter. However, the fee for services will not exceed \$2,750.00 unless prior authorization is obtained from CLIENT.

Professional services are provided on a time and expense basis. CLIENT may request an estimate of time or cost required for a project, but unless expressly agreed to the contrary, estimates are for budgeting purposes, not a fixed price quotation.

All time expended for the assignment will be billed, including but not limited to investigations, travel, CLIENT meetings, calculations, review of standards, specifications and drawings, preparation of reports, preparation for testimony, court waiting time and/or standby time requested by CLIENT.

We will use our best efforts to minimize travel costs on domestic and international trips associated with project work. Subject to availability, on flights under five hours in duration, we will utilize economy class. For flights in excess of five hours, we will fly business class, if available, or first class, if not available.

We will invoice you each month for services provided and expenses incurred during the preceding month. Interest on unpaid balances more than sixty days old will be charged at the rate of one percent per month. Payment shall be made in U. S. dollars. Payments from foreign countries must be made by wire transfer in U.S. dollars as directed by COMPANY. COMPANY may withhold delivery of reports or data, either written or oral, and may suspend the performance of any further service obligations to the CLIENT pending the payment of all invoices. If CLIENT does not pay COMPANY, through no fault of the COMPANY, within the time payment should have been made pursuant to these Terms and Conditions, the COMPANY may, without prejudice to any other available remedy, suspend or delay shipment, delivery and/or performance of any work for CLIENT until payment of the entire amount owing is received by COMPANY.

In order to protect the interests of the CLIENT and avoid possible impeachment of testimony, COMPANY personnel are not required to appear for depositions, trials, or hearings pertaining to an assignment, unless all previous billings on this assignment have been fully paid. COMPANY may request advance payments for the estimated time charges and expenses in connection with scheduled testimony appearances.

In any litigation involving CLIENT, or CLIENT and COMPANY, in which COMPANY is required or compelled by subpoena or judicial order to testify at a deposition or trial, or to produce documents regarding work performed by COMPANY for CLIENT, the CLIENT agrees to compensate COMPANY for all time spent and expenses incurred, including time spent in preparing for such testimony and reasonable attorneys fees and expenses incurred in connection with the foregoing. COMPANY will give prompt notice to CLIENT to allow the CLIENT to object to any such testimony or production of documents.

3.0 WARRANTIES

COMPANY warrants that the services performed by it hereunder shall be in accordance with good engineering design practices and in conformance with applicable codes and standards established for such work by the industry. Company's liability in regard to the correction of any deficiencies attributable to services performed hereunder shall be limited to redoing without charge, any faulty work performed under this Agreement.

Re-performance of Company's work for a period of one year following completion of its work shall be the exclusive remedy and shall be in lieu of all other remedies, warranties or guarantees, (including any warranty of merchantability or fitness for particular purpose) whether expressed or implied and whether based upon contract, tort (including negligence), statute, strict liability or otherwise.

No other warranty express or implied is made. The Client indemnifies, will defend and hold harmless Company, its officers, directors and employees from any and all third party claims associated with its services.

4.0 TERMINATION

Should condition arise which, either in Client's or Company's opinion make it advisable or necessary to discontinue work hereunder, then either party shall have the right to terminate the work by fourteen (14) days written notice. Thereafter, COMPANY shall do only such work as may be necessary to protect the work performed or as may be requested by CLIENT. COMPANY shall be paid for the work performed up to and including the date of termination on the same basis as is heretofore set forth.

5.0 DELAYS

Neither party shall hold the other responsible for damages or delays in performance caused by acts of God, acts and/or omissions of federal, state and local government authorities and regulatory agencies, or other events which are beyond the reasonable control of the other party that could not have been reasonably foreseen or prevented.

6.0 LIMIT OF LIABILITY

It is understood and agreed that the price has been established in recognition that Company's overall cumulative liability for all representations (including Clients indemnification obligation regarding third party claims *arising from Company's negligent or willful acts*), warranties, guarantees, defenses, and other obligations arising as a result of its entering into this Agreement shall in no event exceed the amount paid by CLIENT to COMPANY for performance of the Work.

7.0 HAZARDOUS SUBSTANCE CLAIMS

- (a) In the event that Company's negligence is found, by final judicial determination, to have caused a Hazardous Substance Claim as defined below, COMPANY shall reimburse CLIENT for its costs and liabilities incurred under this Article to the extent caused by COMPANY, in an amount not to exceed that specified in Article 6.
- (b) "Hazardous Substance Claim" shall mean any and all claims, losses, costs, expenses, judgments, damages, and liabilities of any form or nature including but not limited to any for personal or emotional injury, death or damage to property arising out of or in connection with any actual, threatened or feared release, discharge or exposure to any toxic or hazardous waste, substance, material, or vapor, including without limitation, PCBs, petroleum, hydrocarbons, asbestos, mixed, radioactive or nuclear wastes and any other substance designated as hazardous or toxic under CERCLA, TSCA, RCRA or other statute or regulation ("Hazardous Substances").

8.0 RELATIONSHIPS OF PARTIES

COMPANY shall at all times be an independent contractor and shall not claim to be an agent, officer, or employee of CLIENT and shall not have authority to make any commitment on behalf of CLIENT, except to the extent that such authority shall be expressly conferred in writing.

9.0 TERMS OF PAYMENTS

CLIENT shall pay or cause to be paid to COMPANY for the true and faithful performance of all of services herein and contained under this agreement, the amounts set forth in Company's proposal. Upon completion of the work, every thirty (30) days or as soon thereafter as practicable, COMPANY shall invoice CLIENT for the services performed. Invoices issued to and approved by CLIENT shall be due and payable upon receipt.

10.0 CONFIDENTIALITY

COMPANY agrees not to divulge to third parties, without written consent of CLIENT, any information which relates to the technical or business activities of CLIENT unless: (i) the information is known to COMPANY prior to obtaining the same from CLIENT; (ii) the information is, at the time of disclosure by COMPANY, then in the public domain, or (iii) the information is obtained by COMPANY from a third party who did not receive same, directly or indirectly from CLIENT and who has no obligation of secrecy with respect thereto. COMPANY further agrees not to disclose without the prior written consent of CLIENT, any information developed or obtained by COMPANY in the performance of this Agreement except to the extent that such information falls within one of the categories described in (i), (ii), or (iii) above.

If so requested by CLIENT, COMPANY further agrees to require its employees to execute a nondisclosure agreement prior to performing any services under this Agreement.

11.0 ENTIRE AGREEMENT

The Terms and Conditions and the Engagement Letter shall form the entire agreement between the parties hereto with respect to the subject matter. No oral representations of any officer, agent or employee of COMPANY or CLIENT, either before or after execution of this agreement, shall affect or modify any obligation of either party hereunder. CLIENT agrees that it has not been induced to enter into this agreement by any representations, statements or warranties of COMPANY or any officer, agent or employee of COMPANY, other than those herein expressed.

Venue for any legal action brought pursuant to this contract shall be in Seattle, WA. Washington law will apply to any such proceeding.

ATTACHMENT B
BILLING RATES

Vernon Environmental, Inc.

Project Specific Labor Rate Schedule

<u>Personnel</u>	<u>Hourly Rate</u>
Senior Scientist.....	\$125.00
Senior Project Manager.....	\$125.00
Expert Witness.....	\$350.00
Other Personnel.....	Quoted

At the discretion of COMPANY, a suitable retainer may be required in advance of any services. Such retainer payments will be credited to CLIENT's account. Any unused portion of the retainer following the final invoice by COMPANY will be refunded.

Fixed rate expenses are charged at our rates listed below. Travel and other incidental expenses are charged at cost.

If requested, we will provide storage of evidence at a fee listed below.

Evidence moving and disposal costs will be paid by CLIENT.

Costs of personnel to assist in evidence viewing and testing will be billed to CLIENT.

When third party laboratory work, equipment usage, materials purchasing or testing services are required, a 15% handling charge will be assessed. CLIENT's approval will be obtained before such services are engaged.

The fees shown on this schedule shall remain in effect through December 31, 2006. Beginning January 1, 2007, a new fee schedule will become effective. All services provided on assignments, which are performed after January 1, 2006, will be invoiced in accordance with the Professional Fees Schedule in effect at the time the services are provided

Fixed Rate Expenses

Personal Vehicles Used On The Assignment	\$0.50/Mile
Evidence Storage	
Items Smaller Than 1 Cubic Foot Volume	\$25.00/Month*
Items 1 Cubic Foot Volume to 500 Cubic Foot Volume	\$50.00/Month*
Motor Vehicles	\$100.00/Month*
Large/Special Handling	To Be Quoted*
(Larger Than 500 Cubic Foot Volume Or More Than 1,000 Pounds)	
Disposal of Evidence – 20 lbs. or less	\$20.00
Disposal of Evidence – 20 lbs. and up	\$40.00
Inactive File Storage And Security	\$25.00/Year
Photographs: Developed From Film or Digital	\$0.50/Print
Photographs: Developed From Negatives	\$1.00/Print
Facsimile	\$1.00/Page
Photocopies: Black & White	\$0.25/Print
Color	\$1.50/Print
Various Specialized Software Applications As Required	Quoted Rates
(Rates Provided On Assignments Requiring Their Use)	